

**Dhaka-Colombo  
air services  
accord signed**

Bangladesh and Sri Lanka yesterday signed an air services agreement providing direct air links between Dhaka and Colombo by the national airlines of the two countries, reports BSS.

According to a message received here yesterday, Bangladesh High Commissioner to Sri Lanka Shamsheer Mobin Chowdhury, Bir Bikram and Sri Lankan Defence Secretary, General Hamilton Wanasinghe signed the air services agreement on behalf of their respective countries at a simple ceremony held on Monday last at the ministry of defence in Colombo.

After signing the agreement, the Bangladesh high commissioner said that the agreement fulfilled the long cherished desire of Prime Minister Begum Khaleda Zia and late president Ranasinghe Premadasa for establishing direct air links between the capitals of two SAARC countries.

He hoped that the establishment of direct air links between Dhaka and Colombo would contribute to promoting bilateral trade and economic cooperation and cultural interaction between Bangladesh and Sri Lanka.

**Singapore to  
benefit from  
final GATT  
accord**

SINGAPORE, May 25: Singapore would benefit from the recently concluded Uruguay Round of the General Agreement on Tariff and Trade (GATT) talks as the agreement signed in Marrakesh would allow Singapore to save nearly 1.9 billion dollars a year in its exports, reports Xinhua.

According to newspaper reports here, the estimation, based on Singapore's trade figures 1993, was made by Trade and Industry Minister Yeo Cheow Tong in his reply to a question about the significance of the Marrakesh agreement to Singapore at the parliament Monday.

The agreement was an especially important one for Singapore, with its open economy which was heavily reliant on trade, the minister said.

"In short, Singapore will gain when the market access barriers of our trading partners are lowered through the implementation of the Uruguay Round agreement," he told the parliament.

The savings for Singapore would come from tariff reductions on exports which GATT members agreed to last month.

In the service sector, Singapore would also benefit from greater transparency and liberalization in the various markets that it exported to, the minister said.

**US rules out  
possibility of  
China's rejoining  
WTO by year-end**

KUALA LUMPUR, May 25: The United States today ruled out the possibility of China's rejoining the world trade body by year-end because of Beijing's demanding schedule to honour obligations required by membership, reports AFP.

"It is tough for anybody to do the amount of work that has to be done in the little time that is left (between now and year-end)," Deputy US Trade Representative Booth Gardner told reporters here.

China, which was a founding member of the General Agreement on Tariffs and Trade (GATT) but left after the communists came to power in 1949, has made it clear that it attaches great political significance to being readmitted prior to the inception of the World Trade Organisation (WTO).

The WTO will on January 1 replace the Geneva-based GATT, which has operated on an interim basis since 1947.

"We support China's accession on the basis of China's willingness to enter the GATT on the terms of GATT. Where China's trade regime is not consistent with the GATT, it must change," Gardner said.

"We will all benefit — and the Chinese people and the Chinese economy will benefit — if China participates based on the same rules as everyone else."

GATT chief Peter Sutherland, speaking at a separate news conference said China's re-entry by January 1 "may be possible but is an extremely difficult prospect."

**Four more container jetties  
may be installed in Ctg port**

From Nurul Alam

CHITTAGONG, May 25: Chittagong port authority is contemplating installation of another four container berths (jetties) here in the backdrop of a rapid growth of container cargo, sources said.

In a bid to tackle the rising trend of container cargo the port jetties from no. 14 to 17 are likely to be converted into container berths, according to port officials.

Jetties which were damaged during 1991 cyclone are still inoperative.

"We are now thinking to turn those damaged jetties into container berths to enhance the facilities for container cargo in Chittagong," port officials informed.

Chittagong port has handled 1,26,292 containers in last nine months, up 1,082 containers having been handled in the corresponding period of previous fiscal (92-93), port reports disclosed.

Initially Chittagong port handled only over 1000 containers in 1978 which now

rose to roughly 1,50,000 containers in recent years, sources informed.

Such a trend developed following a global change with the switch-over to containerisation of bulk cargo ships for carrying of container cargo, mostly preferred by the consignees, it is learnt.

Meanwhile, two multipurpose berths (MPB) were constructed at Chittagong port for handling of container cargo, which were inaugurated on August 18, 1993 by Prime

Minister Khaleda Zia.

The two MPB were built as container terminals at a cost of over Taka 400 crores keeping in view the fact of growing trend of containers.

Procurement of more equipment for the two MPB is underway to expedite smooth functioning, port sources said.

Presently, 25000 MT of cargo are handled everyday here, up from about 15,000 MT of cargo handled daily ten years ago, port sources added.



The International Congress Centre (ICC) in Berlin. The city profits as a fair venue from its closeness to the East European markets.

**Taka steady  
against  
dollar**

The commercial banks yesterday quoted Taka in the range between 40.1530 and 40.1580 per dollar against the previous 40.1600/40.1700, dealing officers at banks said, reports BSS.

The demand for the US currency remained low as the market is still in holiday mood after it opened yesterday following a five-day long holiday.

The call money rate was also steady in the range between 2.5 to 3.00 per cent on poor demand for funds.

**Lanka, ROK to  
increase  
economic ties**

SEOUL, May 25: The South Korean and Sri Lankan prime ministers agreed Wednesday to increase economic cooperation between their two countries, South Korean officials said, reports AP.

Ranil Wickremesinghe and Lee Yung-duk also signed an agreement to increase technology sharing between the two nations, the government officials said.

Wickremesinghe arrived from Sri Lanka Tuesday on a three-day visit aimed at strengthening trade ties. He later paid a courtesy call on President Kim Young-sam.

A major issue in the talks was a proposal that more Sri Lankans be allowed to work legally in South Korea.

In order to ease a chronic shortage of manpower in the manual labour and service sectors, South Korea has recently decided to let in 20,000 foreign workers. As many as 40,000 more are estimated to be working illegally in South Korea already.

South Korean employees have demanded that more foreigners be allowed to work here, but to do so is seen as politically difficult because some blame crime and unemployment on foreign workers willing to work for less pay.

The Foreign Ministry says 1,000 labourers from Sri Lanka are employed in South Korea legally, while another 700 are thought to be working here illegally.

Other topics discussed included bids by the two countries for a non-permanent seat on the UN Security Council in 1996. Both nations have applied for the seat, which will be available next fall.

Wickremesinghe plans to leave Friday.

**Single agency  
to handle all  
IBM advertising**

NEW YORK, May 25: In one of the biggest shifts in Madison Avenue history, IBM has decided to let a single agency handle nearly all its advertising, reports AP.

The computer giant stunned the advertising industry Tuesday in announcing that Ogilvy and Mather Worldwide would take over work now handled by more than 40 agencies around the world.

IBM said Ogilvy would help it efficiently deliver a clear, consistent message.

IBM, which is based in suburban Armonk, refused to say how much it spends on advertising, but sources estimated it is between 400 million dollar and 500 million dollar a year.

The switch could mean layoffs at some of the agencies that lost IBM business. IBM accounted for more than half of some agencies' billings.

Ogilvy is based in New York and has 270 offices in 59 countries. Its clients include American Express, Jaguar and Maxwell House. It also does work for Microsoft in the United States and Compaq Computer in Europe.

**Coffee prices  
soar 7-year  
high in London**

LONDON, May 25: Coffee prices soared to their highest in more than seven years in London, reports Reuters.

Prices have been rising relentlessly in recent weeks prompted by concerns over a dwindling world coffee crop.

Coffee for delivery in July jumped nearly 100 to 2,390 dollars a tonne at the London opening, the highest since February 1987.

Traders said the speculative funds were now on a commodity buying spree, convinced that prices could only rise with the recovery in the economy of industrial countries.

Cocoa prices also soared early in London, rising 58 pounds to 1,056 pounds a tonne in the morning.

**Documents unearthed  
on Russian gold abroad**

MOSCOW, May 25: A senior aide to President Boris Yeltsin has unearthed documents on more than 90 tonnes of Russian gold given to the French and the Japanese for storage after the 1917 revolution and now wants it back, reports Reuters.

The president's administration chief Sergei Filatov told the official Itar-Tass news agency Tuesday that Russia would struggle to recover it long-lost gold from abroad.

The lost treasure included 93.5 tonnes of gold given to Germany in 1918 by the Bolshevik government to finance an expedition to the Arctic city of Murmansk to "get rid of the

British" Tass said.

The gold was delivered to France after the allies' World War one victory over Germany.

A second shipment including 22 boxes of "kolchak gold" — belonging to a Russian admiral fighting the Bolsheviks in the far east — was sent to Japan for temporary storage, Tass added.

Filatov said he would soon present the document to the government and proposed the creation of a special state commission to recover the gold.

"Nothing stops Russia from fighting for the return of tens of tonnes of Russian gold abroad, Tass said.

**US-Japan trade talks****Hata welcomes breakthrough**

TOKYO, May 25: Prime Minister Tsutomu Hata welcomed an agreement to resume stalled Japan-US trade talks, saying he was confident the two nations would iron out remaining differences, reports AP.

"Not only Japan, but the whole world is watching. I am absolutely confident that we will find a way," Hata told reporters after the world's two largest economies agreed Tuesday to return to negotiations that had collapsed in February.

The breakthrough in the three-month deadlock averts the possibility of an all-out trade war between the world's two largest economies. It also gives Hata a welcome boost as he struggles to keep afloat his wobbly coalition government.

Japanese officials praised a US agreement to drop demands that numerical targets for sales of American products

to Japan be included in the trade talks.

That issue was a key sticking point in the trade talks that broke down on February 11 during a summit between President Clinton and then-Prime Minister Morihiro Hosokawa.

Since taking office April 25, Hata, who served as Hosokawa's foreign Minister, has lobbied hard to resolve the issue.

Tuesday's accord, reached in Washington after five days of negotiations, provides for no specific increase in any US export. Instead, it calls for setting qualitative and quantitative measures to be used in assessing whether progress is being made in opening specific Japanese markets.

Foreign Minister Joji Kakizawa said he believed the compromise would minimize the possibility of US trade sanctions against Tokyo.

"We're convinced that sanctions will not be implemented," he said.

But Kakizawa conceded that the two allies and trading partners were still at the "starting line, not the goal."

Although the trade impasse had rattled global financial markets, the overnight breakthrough had little impact Wednesday in Tokyo.

The 225-issue Nikkei Stock Average slipped 5.90 points, a statistically insignificant amount, to 20,616.22 by midday, while in currency dealings, the dollar was mixed against the Japanese yen.

Dealers said the news quickly played out in the market, and investors remained cautious, aware that the threat of US trade sanctions remains.

US Trade Representative Mickey Kantor pointedly noted that US trade laws could still be used to force action.

**Britain-Malaysia trade row  
likely to end soon**

KUALA LUMPUR, May 25: Expectations ran high Tuesday that a British minister might cool Malaysian anger over corruption allegations enough to secure the lifting of a three-month boycott of British firms, reports AFP.

Trade Minister Richard Needham met Prime Minister Mahathir Mohamad early Tuesday to deliver a confidential message from British Prime Minister John Major.

Details of the talks were not immediately available, but Needham had said on arrival late Monday he was carrying the "original" of a letter to Mahathir, who had already received a copy of it.

"I want to talk to him about the ideas that I bring with me for the future of Malaysian-British relationship," Needham said. He expressed hope that the boycott will be lifted quickly because "There are so many things we want to do in common."

Needham is to meet Malaysia's International Trade Minister Rafidah Aziz.

Malaysia barred British firms from bidding for government contracts on February 25, following reports in the British media of corruption in Anglo-Malaysian trade and in Mahathir's administration.

London's Sunday Times was singled out for its February 20 article alleging links between Mahathir and British construction firm Wimpey International.

The allegations were made amidst British media charges that Britain made a 234 million pound (350 million US dollar) grant for Malaysia's Pergau dam project contingent on Malaysia's purchase of a billion pounds of British goods.

Mahathir had said that the boycott, said to have cost British firms millions of dollars in lost contracts, would be lifted only if the British media "stopped reporting lies on Malaysia."

A Malaysian official noted that a call late Monday by the powerful youth wing of Mahathir's United Malays

National Organisation (UMNO) for the government to relax the ban was a clear sign "ties could be normalised very soon."

Mahathir acknowledged a British media "ceasefire" on Sunday. He said "there is an improvement in the British media reports on Malaysia particularly after the person (Andrew Neil, editor of the Sunday Times) who started such reports was transferred."

Neil, 44, is to be seconded next month to work in New York for seven months on a current affairs programme for the Fox Television Network.

The network and the Sunday Times are both controlled by media baron Rupert Murdoch.

"The ban should be eased if the British press has changed its attitude and make no adverse reports on Malaysia," said UMNO youth chief Rahim Tamby Chik.

British Education Minister John Patten had made a pitch last month to mend the rift.

**Renewal of MFN status****Washington endeavouring to keep  
human rights pressure on Beijing**

WASHINGTON, May 25: With President Clinton virtually certain to renew broad trade privileges for China, administration officials were looking Tuesday for ways to keep human rights pressure on Beijing. One possibility was to target China's biggest commercial conglomerate: the People's Liberation Army, reports AP.

Secretary of State Warren Christopher spent most of the day on Capitol Hill meeting members of Congress and telling them he has not yet made a recommendation to Clinton.

Sen. Max Baucus, a leading advocate of unconditional renewal of most-favoured-nation trade status for China, met Christopher and then wrote Clinton to oppose sanctions on "companies wholly or partially owned by the Chinese armed forces."

Christopher also met group of representatives who support strong sanctions against China unless it takes dramatic steps to improve its human rights record.

The problem for the administration was how to steer a middle course between those conflicting views and settle on a policy that will not prompt

economic retaliation from Beijing.

The compromise mentioned most often was to remove trade privileges for some products made by businesses owned by the Chinese military. The MFN debate has highlighted the fact that the Chinese military has an interest in billions of dollars worth of business engaged in a wide range of activities from manufacturing to entertainment.

The likeliest product targeted for sanctions would be guns. Millions of dollars worth of Chinese handguns come into the United States every year.

Many of those businesses are in joint ventures with US firms.

Clinton must make his decision on China trade by June 3. He is expected to act before he leaves for Europe June 1.

Dee Dee Myers, the White House press secretary, said the president had not yet received a formal report from Christopher and would not make a decision until he did.

State Department Mike McCurry said Christopher was "measuring the sentiment within the Hill that exists and telling the Hill a little bit about the decision-making."

McCurry said he could not predict when Christopher would give his recommendation to Clinton. Administration sources said he outlined his thinking at a White House session on Monday and that he made it clear he thought it would be a mistake to flatterly revoke MFN or unconditionally renew it.

Almost all countries that trade with the United States have MFN status which permits their goods to enter the country at the low tariff rates. Maintaining MFN for China became an issue after the crushing of the pro-democracy demonstration in Beijing's Tiananmen Square in June 1989.

Responding to pressure from the administration, China has made some gestures toward improving human rights. Some political prisoners have been released — though others have been arrested — and exit permits have been granted to some dissidents who have been waiting for years.

Christopher has repeatedly praised those steps while saying they were not enough to meet the conditions set in an executive order issued by Clinton last spring.

**Prices of shares, US  
dollar rise in Tokyo**

TOKYO, May 25: The US dollar finished higher against the Japanese yen on the Tokyo foreign exchange market Wednesday as news of a compromise in US-Japan trade talks quickly played out. Tokyo share prices gained slightly in moderate trading, reports AP.

The dollar closed at 104.72 yen, up 0.25 yen from Tuesday's close and above its overnight New York finish at 104.65 yen.

After opening at 104.75 yen, it ranged between 104.62 yen and 104.80 yen.

"News about an agreement to resume trade talks between the two nations has already been played out in the market," said Kazunobu Otsuka, assistant general manager of the treasury department at Sanwa Bank.

Otsuka said the dollar was ranging between 103 yen and 105 yen without showing any definite direction.

The United States and Japan agreed at working-level talks in Washington Tuesday to revive efforts to pry open Japanese markets.

The agreement to resume the talks ended a period of increasing acrimony between the world's two largest economies that had rattled financial markets around the globe.

The yen tends to rise with

trade tensions because market players believe the United States might push for a higher yen if it cannot clinch a trade agreement. A higher yen is seen as a means to reduce Japan's huge trade surplus by making its products more expensive in dollar terms and thus less competitive abroad.

On the stock market, the 225-issue Nikkei Stock Average gained 41.51 points, or 0.20 per cent, closing at 20,663.63. On Tuesday, the average had gained 53.41 points, or 0.26 per cent, closing at 20,622.12.

The Tokyo Stock Price Index of all issues listed on the first section was up 2.56 points, or 0.15 per cent, to 1,658.18. The TOPIX had gained 1.14 points, or 0.09 per cent, to 1,655.62 on Tuesday.

An estimated 440 million shares changed hands on the first section, down from Tuesday's 552 million shares. Advancing issues outnumbered declines 506 to 503, with 173 unchanged.

Share prices advanced despite profit-taking early in the session. Favourable factors such as the relative stability of the dollar-yen exchange rate and the Japan-US agreement to restart the "framework" trade talks supported the market, dealers said.

**Sutherland warns  
against too  
much regionalism**

GENEVA, May 25: The head of the General Agreement on Tariffs and Trade on Wednesday warned governments against pushing ahead with regional trade deals at the expense of the international trade system, reports AP.

In a speech in the Malaysian capital Kuala Lumpur, Peter Sutherland said the recently concluded talks on liberalizing world trade — known as the Uruguay Round — would not automatically lead to a bright new world trade order.

"The conclusion of the Uruguay Round does not herald a definitive victory of multilateralism over protectionism," Sutherland told the Pacific Basic Economic Council.

"The arguments for the protection of the few against the interests of the many are simply not going to fade away," he added.

The GATT agreement, which followed seven years of tough bargaining, rolls back trade barriers for goods and draws up new rules to liberalize trade in services like tourism. It also sets up the new World Trade Organization, with tougher powers than GATT.

Sutherland said 20 new free-trade arrangements and customs unions had sprung up since 1992.